



FAIR POLITICAL PRACTICES COMMISSION

128 I Street • Suite 620 • Sacramento, CA 95814-2329
(916) 322-5660 • Fax (916) 322-0886

May 26, 2010

John C. Reed, MD, Ph.D.

REDACTED

RE: Advisory Letter
FPPC Case No. 10/328; John C. Reed

Dear Dr. Reed:

The Enforcement Division of the Fair Political Practices Commission (FPPC) recently wrote to you regarding the 2009 Statement of Economic Interests (SEI) you filed, on which you disclosed that you received a gift in excess of the gift limits imposed by the Political Reform Act¹ (Act) in Section 89503. Specifically, you were asked to give an explanation regarding a gift of tickets and transportation that exceeded the \$420 gift limit. After review of your response, we have decided to close this matter without commencing further investigation. Because you asked for advice on how to report these payments in the future, we offer for the following guidance.

Section 89503(e)(2) provides that the gift limit does not apply to gifts exchanged between individuals on birthdays, holidays, and similar occasions, provided that the gifts exchanged are not substantially disproportionate in value. Furthermore, Regulation 18942(a)(8) provides that the Act's definition of "gift" does not include gifts exchanged between an individual who is required to file a statement of economic interests and another individual, other than a lobbyist, on holidays, birthdays, or similar occasions to the extent that the gifts exchanged are not substantially disproportionate in value. The original intent for excepting gifts between individuals on special occasions from the Act's definition of gift was based upon a recognition that exchanges of gifts that flowed from familial ties or close personal relationship were not considered the type of transactions that would likely be within the policy considerations of the Act, because such exchanges are not done with the intent to influence or curry political favor with the recipient. (*You* Advice Letter, No. A-07-138.)

¹The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in Sections 18110 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

According to the statement you provided in response to our initial letter, you received the gift on the occasion of your wedding anniversary from a close friend and neighbor with whom you and your wife regularly exchange gifts and hospitality on birthdays, holidays, and similar occasions. Based on the statement you provided, the gift you received will meet the exception in Regulation 18942(u)(8) and be neither a gift nor reportable.

The FPPC publishes forms and manuals to facilitate compliance with the Act. If you need forms or a manual, or guidance regarding your obligations, please call the FPPC's Technical Assistance Division at (916) 322-5660. Please also visit our website at www.fppc.ca.gov. If you have any questions regarding this letter, please feel free to call me at 916.322.8241.

Sincerely,

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Adrianne Korchmaros
Political Reform Consultant
Enforcement Division